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Using **branding** to attract talent

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To win the best recruits, a company must know how they perceive its brand.

Competition for talent is heating up in many industries and will probably intensify, since demographic trends make it increasingly difficult for companies to replace valued employees when they retire.[1] In response, many companies are trying to sharpen the way they market themselves to recruits, by applying branding techniques to recruitment.

Our analysis indicates that few companies are as rigorous or precise at branding themselves as employers as they are at branding their products and services. Experience therefore suggests to us that many of these initiatives could fail. For a company to exploit its brand effectively when it fishes for talent, it must think of recruits as customers, use sophisticated marketing analysis to identify its key rivals, determine which corporate attributes matter most to specific types of recruits, and understand how best to reach them.
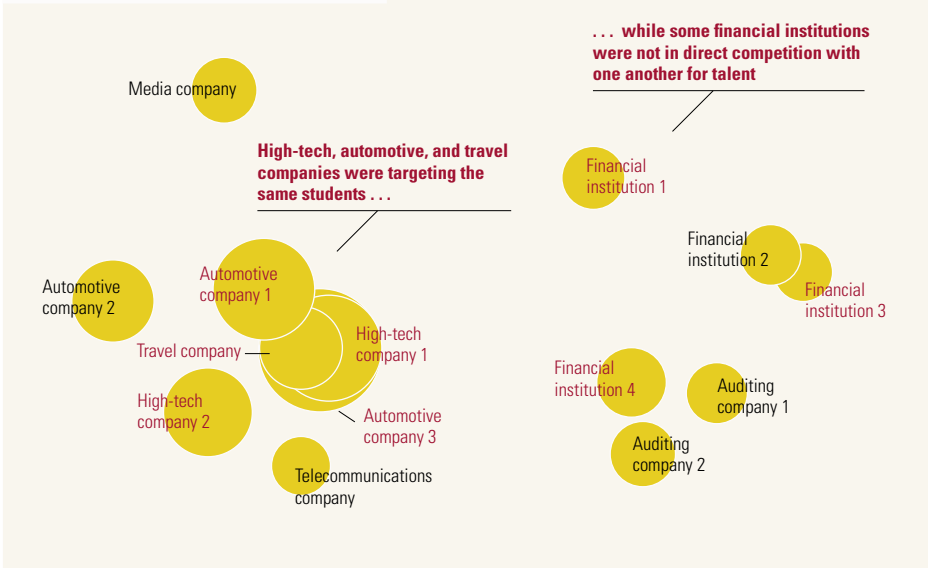
Surveys that rank favorite employers by industry are common; so too are surveys

EXHIBIT 1

Visualizing the competition

Frequency of simultaneous applications from single recruit

- Close proximity/overlap of bubbles indicates higher degree of competition; distance indicates lesser
- Size of bubble indicates relative number of students who plan to apply

. . . while some financial institutions were not in direct competition with one another for talent

High-tech, automotive, and travel companies were targeting the same students . . .

Media company

Financial institution 1

Financial institution 2

Financial institution 3

Automotive company 2

Automotive company 1

High-tech company 1

Travel company

Financial institution 4

Auditing company 1

High-tech company 2

Automotive company 3

Auditing company 2

Telecommunications company

Source: 2004 McKinsey survey of 2,500 high-potential German recruits

What needs work?

Analysis of strategic priorities for employer branding
(disguised example)

Importance in converting potential recruit into applicant (as determined by statistical analysis)

High

Fun place to work

For people like me ● ●

Training opportunities
●

Attractive location ●

● Familiarity with tasks
●

Innovative company

Expected success of application ●

Career opportunities ●

High salary ●

Low

Weak   Strong

Strength or weakness of employer's brand
(as determined by comparison of employer's
brand drivers against benchmark)

Identifying the competition is an important starting point for a company trying to decide which attributes it should emphasize at what stage of the recruitment process. Traditional recruiting focuses on functional employment benefits, such as job security; opportunities for creativity and individual growth; and compensation. But an employer's intangible, emotional associations—"it's fun to work at this company," "we have a passionate and intelligent culture," "there is a strong team feeling here"—are just as important to recruits as similar associations with branded consumer goods are to potential buyers. So companies would do well to compare themselves with their peers on both functional and intangible dimensions.
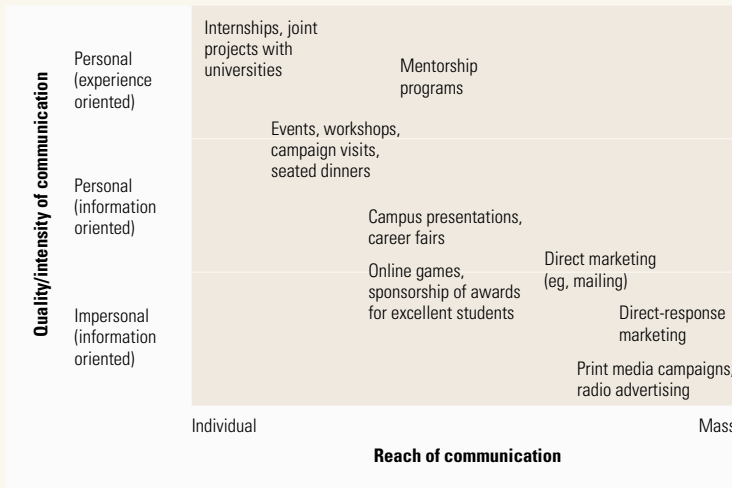
Simple comparisons of data about recruits are useful, but multivariate statistical methods, such as logistic regression,[4] promote a more precise understanding of what really matters to recruits. Such tools can highlight the way an employer's strengths and weaknesses stack up against those of competitors at each stage of the recruiting process. The greater the insight, the more the brand-building effort can focus on one or two high-priority recruiting stages.

One company we studied, for example, realized that its brand was particularly bad at convincing recruits that it was "for people like me"—one of the top priorities among targeted recruits early in the recruiting process (Exhibit 2). Once the company identified this weakness, it was addressed in a quite straightforward way through recruiting materials and interactive events. It's too soon to measure the outcome of these efforts, but our experience indicates that programs focusing on specific strengths and weaknesses are more likely to yield positive results than scattered efforts are.

Identifying the messages that best distinguish a company in the eyes of its recruits can improve the cost-effectiveness of its

based on the recruits' academic focus, such as business, engineering, or science. But these surveys don't provide employers with the knowledge they really need: information on which companies are the most formidable competitors for the recruits they want and how to become more effective during the various stages of the recruitment process. Such areas of focus include increasing their name recognition among applicants to making potential recruits more familiar with what they do to persuading those recruits to consider them actively, apply for their jobs, and, finally, accept their offers.

Two McKinsey surveys[2] examined the percentage of students favoring specific employers and the level of competition among companies.[3] Such an analysis can yield quite unexpected results. In this particular case, several high-tech, automotive, and travel companies turned out to be pursuing the same recruits, while certain financial institutions were not in direct competition for talent (Exhibit 1).

EXHIBIT 3

The right tools for the job

Quality/intensity of communication

Personal (experience oriented)

Internships, joint projects with universities

Mentorship programs

Personal (information oriented)

Events, workshops, campaign visits, seated dinners

Campus presentations, career fairs

Direct marketing (eg, mailing)

Impersonal (information oriented)

Online games, sponsorship of awards for excellent students

Direct-response marketing

Print media campaigns, radio advertising

Individual   Mass

Reach of communication

recruiting pitch. Since there is a trade-off between the number of people such efforts reach and the quality of the interaction (Exhibit 3), it is important to focus the most expensive, high-touch recruiting approaches on the candidates and stages most likely to deliver the greatest value. The best companies also boost the efficiency of their recruitment efforts by tailoring each stage of the recruiting process and by carefully measuring the impact of each stage on the process as a whole.

Finally, a word of caution: employer-branding efforts will be counterproductive if the messages aimed at recruits under-mine the company's broader marketing strategy. To be effective, employer branding can't just apply conventional brand-building techniques; the initiative must fit in closely with the company's overall brand strategy.

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[1] Diana Farrell, Sacha Ghai, and Tim Shavers, "The demographic deficit: How aging will reduce global wealth," *The McKinsey Quarterly*, Web exclusive, March 2005 (www.mckinseyquarterly .com/links/17761).

[2] McKinsey surveyed 2,500 high-potential German recruits in 2004 and 3,000 in early 2005. High-potential recruits were defined by determinants such as work experience, academic achievement, and foreign experience.

[3] We estimated the level of competition among them in the minds of recruits by examining the frequency with which individual respondents planned to apply for positions in different companies and indus-tries at the same time. Exhibit 1 visually depicts our findings as the distance between each employer mapped.

[4] For more on the application of multivariate statistical techniques to building brands, see Nora A. Aufreiter, David Elzinga, and Jonathan W. Gordon, "Better branding," *The McKinsey Quarterly*, 2003 Number 4, pp. 28–39 (www.mckinseyquarterly .com/links/17762).